The Financial Services and General Government bill funds programs that touch the lives of every American, as consumers, as investors, and as taxpayers. The inadequacy of the subcommittee's allocation requires unsustainable cuts. Those cuts will impact all of us by not providing needed resources: (1) for the Securities and Exchange Commission (SEC) and the Consumer Financial Protection Bureau (CFPB) to effectively protect consumers and investors, (2) for enforcement activities by the Internal Revenue Service (IRS) allowing tax cheats to go undiscovered and revenues to remain uncollected, (3) for needed infrastructure investment through the General Services Administration (GSA) and for a number of agencies with budgets almost entirely composed of fixed costs, such as personnel expenses and rent, requiring the furloughing of many thousands of federal and private workers, increasing unemployment, and further weakening the fragile economic recovery.

The subcommittee's allocation of $19,985,000,000 is $1,852,730,000, or 9 percent, below the fiscal year 2011 enacted level, which was itself a 10 percent reduction from the fiscal year 2010 level. Further, this allocation is more than $500,000,000 below the HR 1 level and more than $700,000,000 below the fiscal year 2008 enacted level.

Chairwoman Emerson made every possible effort to ensure a bipartisan process. She has gone above and beyond in terms of cooperation and openness. However, the subcommittee's allocation dictates deep cuts that impact all Americans and we cannot support this bill.

Failing to Keep Financial Markets Honest

The Securities and Exchange Commission will receive $222,483,000 less than the President's 2012 request. As a consequence, SEC will be unable to carry out its new financial oversight responsibilities under the Dodd-Frank Wall Street Reform and Consumer Protection Act. It will also hinder the SEC's ongoing efforts to prevent financial crimes by effectively decreasing the number of agents able to pursue incoming tips. Under the President's request, the SEC would have hired staff necessary to implement new responsibilities concerning derivatives, hedge funds, and credit rating agencies, which would help mitigate the possibility of another financial crisis. The SEC will not be able to increase enforcement, examinations or disclosure reviews under this funding level, nor will the agency be able to invest in information technology infrastructure that would enhance oversight of the financial markets. Without these important tools, this bill leaves the country vulnerable to another fiscal meltdown even as we struggle to recover from the ongoing crisis.

Further, the bill places constraints on the Consumer Financial Protection Bureau (CFPB) that will severely hamper the agency's ability to protect and inform consumers in the wake of the greatest economic recession since the Great Depression. By limiting the amount of money the CFPB will be able to receive from the Federal Reserve, the bill limits the effectiveness of the agency so consumers will not receive the protections they were promised. Better informed consumers and clearer guidelines for complicated financial transactions, such as mortgages, benefits all taxpayers and is an investment in the future financial stability of this nation.

Failing to Keep Tax Cheats Honest at the Expense of an Increasing Deficit

This bill reduces funding for the IRS and will significantly compromise the agency's ability to discover and pursue tax cheats, thereby actually increasing the deficit. With a funding level of $11,515,738,000 for fiscal year 2012, the IRS will be forced to furlough between 4,100 and 5,000 employees, mostly enforcement agents. This will have a significant impact on the ability of the IRS to find tax cheats and will result in an increase in the estimated $345,000,000,000 tax gap, which is the difference between the amount that taxpayers owe and the amount that is collected. Even more troubling is the fact that this cut to IRS funding will increase the deficit by approximately $4 billion a year beginning in 2013. Every dollar invested in enforcement resources brings in $5 in tax revenue. This is exactly the sort of short term cut that will do much greater harm than good in the long term. What is surprising is the complete reversal made by the subcommittee from previous statements about the importance of finding and charging tax cheats. In the additional views submitted to the fiscal year 2008 bill, the then-minority stated "The bill provides important increases for the Internal Revenue Service (IRS) in order to close the nearly $300 billion tax gap." This is a troubling retreat from attacking the nation's deficit.

Failing to Invest in Infrastructure

The General Services Administration (GSA) Federal Building Fund will see a cut of $2,284,710,000 from the fiscal year 2012 request, which will result in the elimination of 16,000 private-sector construction jobs and 40,000 janitorial and maintenance jobs in existing buildings. GSA will stop work on several multi-year, on-going construction projects, which will result in costly hold-over leases. This reduction also jeopardizes GSA's ability to meet contractual obligations to pay private sector landlords for office space leased by the government, possibly leading to termination of leases and costly penalties. This short-sighted cut to infrastructure improvements will cost taxpayers more in the long-term than it will save in the short-term.

Again, the majority is displaying a reversal of opinion about funding for the GSA, as the additional views attached to the fiscal year 2008 bill lamented an amendment that:

"cut important funding from the General Services Administration's (GSA) Federal Building Fund repairs and alterations account. GSA's current backlog of repairs and alterations of Federal building is estimated at $6,600,000,000. The fiscal year 2008 request is considered a minimum to operate and maintain GSA's assets. Limiting repairs and alterations funding forces GSA to house Federal workers in more commercial leases rather than continue in government-owned building at a net cost to the U.S. taxpayer. Cutting an additional $31,000,000 from this account just digs the GSA into a deeper hole and only delays much needed repairs for buildings into the next fiscal year."

It is important to note that the FY 2008 cut left the GSA's repairs and alterations account funded at $722,161,000, which is $442,161,000 above the level recommended in the fiscal year 2012 bill. The level of $280,000,000 recommended in this bill surely will not address the concern the then-minority expressed in fiscal year 2008.

Further Troubling Cuts

The bill provides $6,326,318,000 for the Judiciary, $529,729,000,000 below the fiscal year 2012 request, and will weaken the equitable and efficient administration of justice in the Federal courts. More than 5,000 support staff will be laid off, which is a staffing loss equal to 25% of the workforce. These layoffs will include probation officers and pre-trial staff, meaning fewer probation officers to monitor sex offenders and felons, perform law enforcement duties, and protect the general public.

The Election Assistance Commission will receive only $6,858,000 in funding, which will devastate the agency. The agency will no longer be able to help states improve their election practices and equipment to ensure fair and well-run elections in our nation.

There are numerous other cuts as well that will cause an erosion of consumer protections and assistance to disadvantaged communities. The subcommittee's allocation requires deep cuts that will significantly harm America's consumers, investors, taxpayers, workers, businesses, judiciary, the security of our elections, and even our deficit.

Troubling Policy Riders

We are also distressed that this bill includes too many controversial policy riders from preventing the IRS from enforcing the individual mandate of the Affordable Care Act to limiting the FCC from enforcement of its Net Neutrality rule. The bill once again interferes in DC's local affairs by imposing social policy restrictions on how the District can spend its own funds, and provides that no funds may be used for the Consumer Product Safety Commission's public database of consumer incidents. This micromanagement is not the proper role of Congress and these authorizing issues do not belong on an appropriations bill.

We appreciate the efforts the Chairwoman made to adequately fund the Small Business Administration, the High Intensity Drug Trafficking Areas Program (HIDTA), and anti-terrorism programs at the Department of Treasury. However, the allocation the subcommittee received is simply insufficient to fund all of the important activities in this bill's jurisdiction. We hope to work with the majority to address these issues and look forward to continuing the open and positive process the Chairwoman has fostered; however, in its current form, we cannot support the bill.

Norm Dicks

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